

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 FRB-01

INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04 SIL-01

L-03 H-02 PA-02 PRS-01 DOTE-00 FMC-02 DODE-00 CG-00

FAA-00 CAB-05 OES-05 INT-05 FEA-01 AGR-10 DHA-02

ORM-02 SAM-01 /132 W
----- 047142

R 041455Z FEB 76

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 8492

INFO USDOC WASHDC

AMEMBASSY AMMAN

AMEMBASSY DAMASCUS

AMEMBASSY CAIRO

AMEMBASSY TEL AVIV

UNCLAS BEIRUT 1141

E.O. 11652: N/A

TAGS: BTIO, BEXP, LE

SUBJECT: LEBANESE ECONOMY - MODEST RENEWAL OF BUSINESS ACTIVITY

1. SUMMARY: THERE HAVE BEEN SOME ENCOURAGING SIGNS OF
RENEWED BUSINESS ACTIVITY IN LEBANON BUT THEY CAN BE DESCRIBED
ONLY AS A VERY MODEST BEGINNING AND FURTHER ADVANCES WILL DEPEND
ON CONFIDENCE IN SECURITY SITUATION. END SUMMARY

2. THE FOLLOWING BRIEFLY OUTLINES THE MODEST BEGINNINGS OF RENEWED
BUSINESS ACTIVITY IN LEBANON:

(A) BANKS: A DECISION WILL PROBABLY BE TAKEN SHORTLY TO RE-
OPEN THE BANKS ON FEBRUARY 10, A KEY MOVE IN EFFORTS TO GET
THE ECONOMY ON THE ROAD TO RECOVERY. A FEW BANKS ARE NOW
OPENED UNOFFICIALLY. HOWEVER, THE NUMBER OF EMPLOYEES WHO

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RETURNED TO THE BANKS TO CLEAN UP THE BACKLOG BEFORE OPENING TO

THE PUBLIC IS STILL SURPRISINGLY SMALL, I.E. ABOUT 15 PERCENT.

(B) COMMERCE: EIGHTY TO NINETY PERCENT ACTIVITY IN THE HAMRA AND RAS BEIRUT AREA, BUT ALMOST NO ACTIVITY IN THE OLD COMMERCIAL DISTRICT.

(C) INDUSTRY: THOSE FACTORIES NOT DAMAGED ARE FOR THE MOST PART PLAGUED BY WATER AND ELECTRICITY SHORTAGES AND, IN SOME CASES, BY THE ABSENCE OF WORKERS.

(D) PORT: ABOUT TEN SHIPS HAVE SHOWED UP, BUT THE MAIN ACTIVITY IS CENTERED ON REMOVING SUPPLIES FROM THE UNDAMAGED WAREHOUSE.

(E) AIRPORT: MORE AIRLINES ARE RETURNING. MEA HAS ORDERED ALL TEMPORARY OFFICES ABROAD CLOSED AND THE PERSONNEL RETURNED TO BEIRUT. IT HAS ALSO CANCELLED PLANS TO DISPOSE OF SOME OF ITS PLANES. PAA HAS RESTORED ITS TWO FLIGHTS PER WEEK SCHEDULE (ROME TO TEHRAN VIA BEIRUT AND RETURN). THE NUMBER OF LEBANESE RETURNING TO BEIRUT ROSE FROM 900 ON JANUARY 28 TO 2000 ON JANUARY 30.

(F) POL SUPPLIES: SITUATION IS RAPIDLY RETURNING TO NORMAL. ROAD SHIPMENTS FROM TRIPOLI REFINERY SHOULD START NEXT WEEK (SHIP AND RAIL CONNECTIONS ALREADY FUNCTIONING). IPC EXPATRIATES HAVE RETURNED.

(G) FOOD SUPPLIES: THERE ARE ADEQUATE SUPPLIES OF ALL BASIC FOOD ITEMS, AND DISTRIBUTION PROBLEMS ARE GRADUALLY BEING WORKED OUT. THE NUMBER OF PERSONS (REFUGEES, UNEMPLOYED, ETC.) UNABLE TO PAY FOR BASIC ITEMS HAS OF COURSE INCREASED.

(H) GOVERNMENT SERVICES: TELEX AND TELEPHONE SERVICE ARE GRADUALLY GETTING BACK TO NORMAL BUT THERE IS A BACKLOG OF 15 MILLION PIECES OF MAIL. NUMBER OF GOVERNMENT EMPLOYEES RETURNING TO WORK ONLY ABOUT 50 TO 60 PCS SO FAR, MANY TO PARTLY DESTROYED AND TOTALLY PILFERED BUILDINGS. WATER, ELECTRICITY AND INTERNAL TELEPHONE REPAIRS ARE EN TRAIN. BUSES ARE OPERATING. CITY IS SLOWLY BEING CLEANED UP BUT THIS WILL TAKE A VERY LONG TIME.

(I) UNEMPLOYMENT: AS THINGS TEND TO IMPROVE, PROTESTS ABOUT UNEMPLOYMENT, FORCED OR OTHERWISE, WILL INEVITABLY INCREASE, CREATING A POTENTIALLY DANGEROUS SITUATION. OF THE 200,000 WORKERS REGISTERED WITH THE SOCIAL SECURITY SYSTEM, EIGHTY TO NINETY PERCENT DID NOT WORK FOR AT LEAST PART OF THE PERIOD OF DISTURBANCES. LAMBRAKIS

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